

Department of Social and Health Services

DP Code/Title: M2-EA Forecast Cost/Utilization

Program Level - 050 Long Term Care Services

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This item reflects the costs and savings associated with cost and utilization changes in June 2002 Placeholder Forecast from the Department of Social and Health Services (DSHS) Office of Forecast and Policy Analysis (OFPA). These placeholder numbers will be replaced in the fall in conjunction with the official Caseload Forecast Council October 2002 Forecast.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 050			
001-1 General Fund - Basic Account-State	14,256,000	9,719,000	23,975,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	8,103,000	3,660,000	11,763,000
Total Cost	22,359,000	13,379,000	35,738,000

Staffing

Package Description:

This decision package reflects the costs and savings associated with changes in forecasted service costs and utilization. OFPA develops revised per capita cost estimates for Home and Community Based services and expenditure estimates for such things as Nursing Facility Discharge Payments and Estate Recoveries. These anticipated preliminary cost changes are reflected in the decision package.

These cost estimates include allowances for vendor rate changes and known rate changes for Nursing Homes and community residential programs. Also included are the impacts of anticipated program changes such as increased payment levels for dementia specialty. Required program changes such as a revision to the bed retainer policy, improvement in ancillary cost management, and a reduction to the Assisted Living rate are also reflected. Changes in utilization and client mix are also captured through changes in trends.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Funding the cost of providing current services through recognition of utilization and cost increases supports the administration's goals to "Provide Public Value" by strengthening Long Term Care (LTC) Information and Assistance efforts; "Address Client and Family Needs" by facilitating upgrade to community-residential care models to enhance quality and accountability; and "Strengthening the Home Care Program," including strategies to improve the LTC home care work force. Recognition of caseload and associated cost changes also reflects the administration's goal of "Budget Performance and Economic Value" by managing access to Medicaid long-term care benefits and reducing unnecessary nursing facility capacity and Medicaid nursing facility caseload.

Recognition of the costs of caseload changes reflects the agency balanced scorecard goals of insuring a safety net is in place for people of need, clients maintain maximum independence, services are of high quality, people participate in choices about their services, and clients experience stability.

The Governor's goals to achieve high performance government, improve quality and customer service, and to increase the safety and security of Washington State residents are also supported.

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Performance Measure Detail

Program: 050

Goal: 02E Address Client and Family Needs

No measures submitted for package

Incremental Changes

FY 1

FY 2

Goal: 03E Budget Performance and Economic Value

No measures submitted for package

Incremental Changes

FY 1

FY 2

Goal: 05E Provide Public Value

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

The expenditures presented in this decision package reflect the most current forecasts of per capita and expenditures for Long Term Care programs.

Impact on clients and services:

This step reflects the costs associated with providing services to clients eligible, under current law, for the Aging and Adult Services Administration programs.

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

Alternatives have been explored in the past with the caseload driven forecast determined as the most appropriate alternative to provide the balance of service and funding requirements.

Budget impacts in future biennia:

Cost and utilization trends, as well as anticipated changes to the current program, can be anticipated to continue into future biennia.

Distinction between one-time and ongoing costs:

Cost and utilization changes are ongoing.

Effects of non-funding:

Non-funding may result in reductions in the number of clients served or the level of service provided.

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Expenditure Calculations and Assumptions:

See attachment - AASA M2-EA Forecast Cost Utilization.xls

Object Detail

FY 1

FY 2

Total

Program 050 Objects

N Grants, Benefits & Client Services

22,359,000

13,379,000

35,738,000

DSHS Source Code Detail

Program 050

FY 1

FY 2

Total

Fund 001-1, General Fund - Basic Account-State

Sources Title

0011 General Fund State

14,256,000

9,719,000

23,975,000

Total for Fund 001-1

14,256,000

9,719,000

23,975,000

Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa

Sources Title

19TA Title XIX Assistance (FMAP)

8,103,000

3,660,000

11,763,000

Total for Fund 001-C

8,103,000

3,660,000

11,763,000

Total Program 050

22,359,000

13,379,000

35,738,000